

July 15, 2021

Kevin Ruggeberg, FSA, MAAA Vice President & Consulting Actuary Lewis & Ellis, Inc.

Subject: Your 07/14/2021 Questions re:

Blue Cross and Blue Shield of Vermont

2022 Vermont ACA Market - Individual and Small Group Rate Filings

(SERFF Tracking #: BCVT-132829562 and BCVT-132829271)

Dear Mr. Ruggeberg:

In response to your requests dated July 14, 2021, here is your question and our answer:

Using the FY2022 budget submission narratives posted on the GMCB website
 (https://gmcboard.vermont.gov/hospital_budget_individual_information_FY2022_), please disclose the impact to the rates if the unit cost trend was set equal to the budget increases submitted and provide quantitative support for the impact.

For each hospital subject to GMCB budget review, we incorporated the commercial rate increases included in Table 1 of Appendix 1 of their budget submissions. The information is summarized below:

Hospital Commercial Rate Increases	Total Average	Inpatient	Outpatient	Professional
University of Vermont Medical Center	7.05%	7.05%	7.05%	7.05%
Brattleboro Memorial Hospital	5.1%	6.2%	5.8%	0%
Central Vermont Medical Center	7.41%	7.41%	7.41%	7.41%
Copley Hospital	5%	5%	5%	5%
Gifford Medical Center	3.5%	3.5%	3.5%	3.5%
Grace Cottage	5%	5%	5%	%
Mt. Ascutney Hospital and Health Center	2.2%	2.2%	2.2%	2.2%
North Country Hospital	4.9%	5.6%	5.6%	0%
Northeastern Vermont Regional Hospital	3.0%	3.4%	3.4%	0%
Northwestern Medical Center	3.00%	3.59%	3.59%	0.00%
Porter Medical Center	5.86%	5.86%	5.86%	5.86%
Rutland Regional Medical Center	3.6%	4.0%	4.2%	-0.3%
Southwestern VT Medical Center	4.8%	4.8%	4.8%	0%
Springfield Hospital	8.3%	-2.2%	11.0%	0%

For hospitals with October fiscal years, we assume that the October 2022 increase is the same as that submitted for October 2021.

Please find attached a version of Exhibit 3A reflecting the submitted hospital budgets.

The impact of the submitted hospital budgets on the filed rates is +0.8 percent for Individual and +0.7 percent for Small Group.

Market	Rate Change after L&E Recommendations	Rate Changes after L&E Recommendations and with submitted hospital budget information		
Individual	+5.0%	+5.8%		
Small Group	-6.4%	-5.7%		

Please let us know if you have any further questions, or if we can provide additional clarity on any of the items above.

Sincerely,

Paul Schultz, F.S.A., M.A.A.A.

Chief Actuary

MEDICAL COST TREND DEVELOPMENT - TOTAL TREND

	Inpatient	Total
2020	Year 0	63,563,820
2021	Year 1	66,140,613
2022	Year 2	69,333,548
	Trend Y1/Y0	4.1%
	Trend Y2/Y1	4.8%
	Annual Cost Trend	4.4%

	Outpatient				Total
2020	Year 0				126,844,574
2021	Year 1				134,315,237
2022	Year 2				141,780,763
	Trend Y1/Y0				5.9%
	Trend Y2/Y1				5.6%
	Annual Cost Trend				5.7%

	Pharmaceuticals		Total
2020	Year 0		34,762,784
2021	Year 1		36,798,294
2022	Year 2		38,836,220
	Trend Y1/Y0		5.9%
	Trend Y2/Y1		5.5%
	Annual Cost Trend		5.7%

	Professional	Total
2020	Year 0	86,603,558
2021	Year 1	89,656,677
2022	Year 2	92,878,236
	Trend Y1/Y0	3.5%
	Trend Y2/Y1	3.6%
	Annual Cost Trend	3.6%

	Total					Total
2020	Year 0					311,774,736
2021	Year 1					326,910,822
2022	Year 2					342,828,766
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	Trend Y1/Y0					4.9%
	Trend Y2/Y1					4.9%
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	Annual Cost Trend					4.9%